CITY OF LAURINBURG
RECONVENED COUNCIL MEETING
JUNE 8, 2015
MUNICIPAL BUILDING
303 WEST CHURCH ST.
6:00 p.m.

MINUTES

The City Council of the City of Laurinburg reconvened its May 13, 2015 meeting which was recessed until this time and date, to wit, 6:00 p.m. on June 8, 2015 in the council room of the Municipal Building with the Honorable Thomas W. Parker, III, presiding. The following Councilmembers were present: Dolores A. Hammond, Curtis B. Leak, Andrew G. Williamson, Jr. and J. D. Willis. Absent was Councilmember Mary Jo Adams.

Also present were Charles D. Nichols III, City Manager; and Jennifer A. Tippett, City Clerk.

Leadership Team members present included: Harold Haywood, General Services Director; Stacey McQuage, Public Utilities Director; Robert Smith, Electrical Services Director; Robert Ellis, Treatment Plants Director; Tim Pierce, GIS Administrator; Randy Gibson, Fire Chief; Darwin Williams, Police Chief; Teddy Warner, Community Development Director; Betty Galloway, HR/Risk Management Director; Josh Coble, IT Manager; and Carrie Neal, Interim Finance Director.

Mayor Parker called the meeting to order at 6:00 p.m.

Councilmember Hammond gave the invocation.

Mayor Parker introduced and welcomed Ms. Carrie Neal, Interim Finance Director.

FY 2015-2016 BUDGET DISCUSSION

Mayor Parker offered for each Councilmember to make comment. He requested that everyone proceed cautiously with the budget. He added that there was plenty of time to adopt a budget. He further added that a next potential work session on the budget could be Monday, June 15, 2015.

Councilmember Hammond expressed appreciation for all of the work done on the budget.

Councilmember Williamson explained that he had nothing to add to what Mayor Parker and Councilmember Hammond had already said.

Councilmember Willis explained that he agreed with Mayor Parker and Councilmember Hammond. He added that a lot of time had gone into developing the budget and staff had done an outstanding job as always. He added that he believes Council has a tough decision in considering the FY 15-16 Budget. He further added that this is a very tight budget and Council can cut the budget so that it is in line with revenues, raise taxes and rates, or some combination. He briefly discussed the City's past use of Fund Balance to balance budgets, and he stated that he would not vote in favor of using Fund Balance to balance the budget.

Councilmember Leak explained that he did not have any comments at this time.

FY 15-16 BUDGET

The City Manager explained that the General Fund was presented to Council on June 1, 2015. He discussed the following:

- Estimated Cost of Living Adjustments (COLA) for employees.
- Cuts already made by staff.
- Detailed line item budget and summary work sheet.
- At current time, the budget includes using $323,000.00 of fund balance to balance the General Fund.
- Enterprise funds are balanced without using fund balance; however, there are suggested fee increases included.

Upon question by Mayor Parker, the City Manager explained that if Council directed that no Fund Balance would be used to balance the budget, the Leadership Team would get together and possibly reduce each department by a certain percentage. He added that the Leadership Team cut $410,000.00 of proposed expenditures at first, and then after the last Council budget meeting, the Leadership Team met again and cut another $410,000.00 from expenditures. He summarized by explaining that out of the General Fund, the Leadership Team had cut $864,000.00 of expenditures.

Upon question by Councilmember Williamson, the City Manager explained that to balance the FY 2014-2015 budget, $662,000.00 of Fund Balance was budgeted. He added that he did not believe all of the Fund Balance budgeted would be used. He further added that he is working with the Interim Finance Director to determine the City's exact financial status at this time.

A discussion ensued concerning the estimated COLA. The City Manager explained that the estimate for COLA was not exact. He added that when Council gave staff direction, detail in each department would be changed to include COLA.

Upon question by Mayor Parker, Mrs. Galloway explained that she understood that there was not a compression issue in salaries.

Mr. McQuage and Mr. Smith stated that there is a problem with compression within their departments.

Mrs. Galloway stated that she was told that the salaries of the employees identified with having a compression issue were adjusted.

The City Clerk explained that the salaries of the eight (8) employees referred to by Mrs. Galloway were adjusted because of changes in duties and job descriptions. She added that Mr. Anzavino of Springsted cited the compression issue for employees in the Pay & Classification Study which the company conducted. She further added that Springsted discussed two (2) options with Council with the first option dealing with the eight employees whose job duties had changed and the second option to address the compression issue. She explained that due to the cost of the second option, Council adopted the Springsted Pay & Classification Plan with the first option.

A discussion ensued concerning COLA, dealing with compression and the County's proposal to provide COLA that will also deal somewhat with the compression issue for County employees.

Councilmember Leak expressed concern that the citizens do not want a tax increase. He also explained that any issues with salary should have been addressed with Human Resources prior to working on this budget and will need to wait until the next budget year.

Mayor Parker explained that the department heads have discussed the compression issue with Council in prior meetings. He added that he thought the County was trying to address the compression issue.

Councilmember Hammond explained that she believed the proposed County plan was being considered because County employees had not had increases for the last five (5) to six (6) years.

Mayor Parker explained that the County situation is different from the City's but that he felt the City still had a compression issue, perhaps a little more narrow than the County's issue.

Mayor Parker explained that Councilmember Adams was absent due to her mother being ill. He added that Councilmember Adams informed him that she believes more expenditures need to be cut from the budget.

Councilmember Willis discussed an option used in Fayetteville with the firefighters by having a salary cap with employees at or above a certain level receiving a certain percentage and those below the set level receiving a greater percentage increase. He also expressed concern that one (1) issue needs to be fixed in this budget year and that is an employee who took a promotion and is now making less money than what they were making before the promotion. He added that this employee was promised a 2% pay increase upon the promotion and then told once a certification was received, another 2.5% pay increase would be received. However, Council froze salaries, so the individual never received the 2.5% salary increase for the certification. He stressed the need to fix this situation.

The City Manager explained that the concerns of Councilmember Willis happened prior to his tenure as City Manager and prior to Mrs. Galloway's tenure as Human Resources.

Mayor Parker requested that the City Manager and Human Resources Director look into the matter discussed by Councilmember Willis.

Mrs. Galloway explained that there were a lot of promises made in the past prior to her tenure and prior to the City Manager's tenure.

Mayor Parker requested that the City Manager and Human Resources Director look into the matter discussed by Councilmember Willis.

A discussion then ensued concerning the Certification Policy. Upon question by Councilmember Hammond, Mrs. Galloway explained that when an employee is hired, the employee is not required to have certifications and they are hired with a promise that they will receive a step increase.

Councilmember Hammond expressed concern that the Certification Policy does not include any provision if the employee loses the certification, that there are no repercussions to the employee.

Mrs. Galloway explained that currently the only certification that specifically addresses loss of certification is the OSHA certification for the Safety Committee. She added that she is working on the Certification Policy so that the Human Resources Department knows what training and certifications each employee has.

Further discussion ensued concerning certifications including the amount budgeted for FY 15-16, whether certifications are necessary and whether they should or should not exceed the job requirements.

Councilmember Williamson explained that he felt as long as a certification helps an employee do the job, there is merit to the certification; however, there is not merit if a certification is done for the purpose of receiving a pay increase and there is no job that requires the certification.

The City Manager explained that there is a fine line because the City is trying to promote career development and growth as well as push the Leadership Team to groom staff for advancement in the future. He also explained that there were a number of employees who did not receive certification increases when the certifications were frozen and that there also were a number of promises made to employees during that time period that did not happen. He further added that his and Mrs. Galloway's number one initiative is to be fair to everyone. He explained that he and Mrs. Galloway would look at the situation.

Further discussion ensued concerning the Certification Policy including earning certifications during employees' probationary period.

Councilmember Leak requested a breakdown of certifications and continuing education in the departmental budgets.

Further discussion ensued concerning certifications, the need for job descriptions to be accurate and up-dated, training necessary for maintaining certifications, and the need to be fair and consistent.

Mayor Parker suggested that the City Manager and Mrs. Galloway, along with input from the Leadership Team, review and update the certification policy and present to Council.

Councilmember Hammond requested that the review includes the Municipal Administration Course in the Certification Policy. She added that it is not a certification and she did not feel it should be on the certification list.

GENERAL FUND

Revenue

The City Manager explained that he and Mr. Haywood verified current revenues and projections and discussed the following:

- Property taxes and collection percentage are based on historical data.
- Land income is the land lease with Strata Solar.
- Removed privilege license revenue.
- Franchise tax amount and Utility Franchise tax based on actuals from year-to-date and prior years.
- Sales tax is based on year-to-date and projections, but this could change as there are two (2) bills in the legislature to change tax distribution.

Upon question by Councilmember Willis, the City Manager explained that the proposed legislation would have a favorable impact on the City.

The City Manager resumed review of General Fund Revenue:

- Big increase in State Government Grants, primarily for the DOT grant for Commonwealth Bridge.
- Fire Tax Revenue increased due to the County increase the Fire Tax.
- Increase in GIS for County's portion of capital item
- Hillside Memorial Cemetery revenues are flat.
- Used $250,392 from Fund Balance to balance the budget because the details do not have the 2% COLA.
- If 2% COLA added, it would be approximately $323,000.00.

Discussion ensued concerning the Cemetery Perpetual Care Fund.

Discussion ensued concerning the trend to spend 90-95% of budgeted amount and therefore, not using all of Fund Balance appropriated.

Councilmember Williamson explained that not using any Fund Balance is an admirable goal and that he likes seeing the City's progression of using less each year to balance the budget.

Further discussion ensued concerning the use of Fund Balance to balance the budget. Upon question by Mayor Parker, Mrs. Neal explained that she did not believe the City would receive a letter from the Local Government Commission (LGC) for using $323,000.00 of Fund Balance.

Discussion ensued concerning expenditure cuts made by staff and ensuring that services are provided to citizens.

Discussion ensued concerning the use of Powell Bill money. Mayor Parker commented that he is getting more complaints about the condition of City streets.

Discussion ensued concerning revenue from sale of recyclables and the land lease for the solar farm.

Discussion ensued concerning revenue from FCC. The City Manager explained that FCC will be hiring a third shift in July that will work five (5) days a week for one (1) production line. He added that the water and sewer usage are not at the level that was projected when the project began. He further added that the Incentives Agreement requires FCC to pay for the projected water usage whether that amount was being used; however, the sewer charges are based on actual usage and not projected usage.

Mayor Parker queried Councilmembers if they were comfortable using $323,000.00 of Fund Balance, with the results as follows:

Willis-No; Leak-Yes; Williamson-Yes; and Hammond-Yes

ELECTRIC FUND

The City Manager explained that the North Carolina Eastern Municipal Power Agency (NCEMPA) still expects the asset sale to Duke Progress Energy to close on June 30th. He added that after the sale is complete, a rate study will be conducted, and staff will then present recommendations to Council on the electric rate structure.

Upon question by Councilmember Hammond, the City Manager explained that the rate study was included in the budget.

The City Manager discussed the following:

- With the 2% COLA, Electric Fund revenues exceed expenditures.
- Moved utilities for street lights and signs out of the General Fund into the Electric Fund.

The City Manager explained that all four (4) funds were affected by creation of an internal service fund for the Garage. He added that in the past the labor charges for the Garage came from the General Fund.

WATER/SEWER FUND

The City Manager explained that the Water/Sewer Fund has been hemorrhaging money for the past several years and there is no more Fund Balance in the Water/Sewer Fund; therefore Willis Engineering was contacted to conduct a quick rate study comparing the City's rates with surrounding cities and counties. The engineer is recommending a 35% increase in water and sewer rates, which equates to a monthly increase of approximately $12.75 on an average customer's bill.

Discussion ensued concerning the proposed rate increase, the in-city and out-of-city rates, and that the City's water and sewer rates were well below surrounding cities and counties.

Discussion ensued concerning the history of water and sewer rates. The City Manager explained in the past that the water and sewer rates were adjusted only to get the City to the threshold in order to apply for grants and never to cover the costs.

Mr. Ellis explained that discussions had been held in the past about increasing water and sewer rates gradually over several years; however, that was never accomplished.

Upon question by Councilmember Williamson, the City Manager explained that several major capital projects were removed from the proposed budget. He added that the rate structure needs to be reviewed in the future to develop rates that encourage conservation by consumers; however, due to time constraints at this time, the engineer recommended the 35% increase in rates in order to balance the Water/Sewer Fund budget.

SOLID WASTE

The City Manager explained that the Solid Waste Fund does not have any Fund Balance; therefore staff was recommending a $2.50 increase in residential fees and corresponding 10.4% increase in commercial fees.

Upon question by Councilmember Leak, Mrs. Galloway explained that she had investigated using Work Experience participants from Two Hawk Employment Agency at the recycling center; however, Two Hawk’s Workers’ Comp carrier would not cover the participants, nor would the City’s Workers’ Comp carrier.

Discussion ensued concerning part-time employees, a labor pool, a ditch crew and inmate labor.

Mr. Haywood discussed the utilization of financing for equipment to reduce the effect of capital expenditures for several years.

A lengthy discussion ensued concerning the fire truck purchase including financing of the truck, delaying purchase of the truck, purchasing a less expensive truck. The City Manager explained that he would have to investigate financing of the fire truck since it would be owned by the County and not the City.

Following further discussion, the City Manager explained that he would research other options concerning purchase of the fire truck.

Councilmember Hammond expressed concern about the County’s proposed Solid Waste Availability Fee.

Councilmember Willis expressed concern that the City residents are being charged twice since they pay for solid waste services from the City and then must also pay the Availability Fee to the County.

A discussion ensued concerning transfer fees and the cost of hauling solid waste to another location.

Following discussion, it was consensus of Council to recess the meeting until June 9, 2015 at 6:15 p.m. and also to hold June 15, 2015 open in the event it is needed for further budget discussions.

NEW CITY HALL

The City Manager explained that the Committee will meet and review the RFQs for the new City Hall and schedule the interviews. He added that the schedule was being pushed back two (2) weeks due to the budget process and other things going on.

CITY MANAGER EVALUATIONS

Mayor Parker requested that Councilmembers submit to him or the City Clerk the evaluation forms for the City Manager.

RECESS

Motion was made by Councilmember Hammond, seconded by Councilmember Willis, and unanimously carried to recess the meeting until 6:30 p.m. on Tuesday, June 9, 2015 in the Council Chambers of the Municipal Building.

The meeting recessed at 8:14 p.m.

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Thomas W. Parker III, Mayor Jennifer A. Tippett, City Clerk